

Message Text

UNCLASSIFIED

PAGE 01 MANILA 19497 161012Z
ACTION EB-07

INFO OCT-01 EA-09 ISO-00 AGRE-00 STR-04 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 SIL-01 TRSE-00 /033 W
----- 025535 /12

R 160930Z DEC 76
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 3999

UNCLAS MANILA 19497

USDA/FAS/MCCONNELL, SUGAR & TROP. PRODS, FCA

E.O. 11652: NA
TAGS: EAGR, RP
SUBJ: SUGAR INDUSTRY DEVELOPMENTS

REF: A. MANILA 19321 B. MANILA 18765

1. FOLLOWING THE MEETING REPORTED REF A, THERE HAS BEEN CONSIDERABLE
ACTIVITY WIDELY REPORTED IN THE PRESS.

2. THE MAIN ACTION TAKEN TO ALLEVIATE THE FINANCIAL PROBLEM OF THE
SUGAR PLANTERS WAS AN ANNOUNCEMENT BY THE PHILIPPINE NATIONAL BANK
(PNB) THAT IT WOULD RESTRUCTURE PESOS 250 MILLION IN PRODUCTION LOANS
BY EXTENDING THEM FOR ANOTHER 5 YEARS. ACCORDING TO PNB PRESIDENT
DOMINGO, OUTSTANDING LOANS TO THE SUGAR INDUSTRY TOTAL PESOS 2.4
BILLION OF WHICH PNB ACCOUNTS FOR ABOUT PESOS 800 MILLION. LOANS
TO SUGAR PLANTERS BY BANKS OTHER THAN PNB WILL HAVE TO BE RESTRUC-
TURED IN LINE WITH A DIRECTIVE OF PRESIDENT MARCOS. ONLY PRODUCTION
LOANS ARE TO RESTRUCTURED.

3. PRESIDENT DOMING ALSO SAID THAT THE COST OF SWITCHING TO OTHER
CROPS, WILL BE FINANCED JOINTLY BY THE PNB AND THE DEVELOPMENT BANK
OF THE PHILIPPINES. AN ESTIMATED 150,000 HECTARES WILL BE
SWITCHED TO OTHER CROPS.

4. DURING THE PAST WEEK MEETINGS WERE HELD WHICH INCLUDED MEMBERS
OF THE NATIONAL FEDERATION OF SUGARCANE PLANTERS, MR. BENEDICTO
AND PNB OFFICIALS. BENEDICTO URGED THE PLANTERS TO QUOTE UNITE
TO CUSHION THE IMPACT OF THE SLUMP IN WORLD SUGAR PRICES END QUOTE.
HE ALSO REITERATED PRESIDENT MARCOS'S ASSURANCES THAT THE GOVERN-
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANILA 19497 161012Z

MENT WILL NOT ALLOW THE SUGAR INDUSTRY TO GO DOWN THE DRAIN. HE

ALSO URGED THAT AREAS NOT SUITABLE FOR SUGARCANE MUST BE PLANTED TO OTHER CROPS.

5. ANOTHER ARTICLE HEADLINED QUOTE MRS. MARCOS TAPS MORE BIG BUYERS FOR RP SUGAR END QUOTE REPORTED MEETINGS MRS. MARCOS HELD WITH U.S. EXECUTIVES FROM THE SUGAR ASSOCIATION OF THE UNITED STATES AS WELL AS WITH DIPLOMATS FROM SUGAR CONSUMING COUNTRIES. THE PURPOSE OF THE MEETINGS WAS TO ESTABLISH NEW MARKETS AND FIND NEW USES FOR PHILIPPINE SUGAR. IT WAS REPORTED THAT THE PHILIPPINES HAS ARRANGED TO SELL 200,000 TONS OF SUGAR TO THE PRC IN EXCHANGE FOR OIL. QUOTE FRIENDSHIP PRICES END QUOTE WILL BE COMPUTED. INDUSTRY OFFICIALS ARE SKEPTICAL THAT ANYTHING WILL COME OF THE AGREEMENT.

6. COMMENT: THE ACTIVITY OF THE PAST WEEK INDICATES THE SEVERITY OF THE PROBLEMS FACING THE PHILIPPINE SUGAR INDUSTRY. THE FACT REMAINS THAT EVEN IF LARGE SALES CAN BE NEGOTIATED, THE PHILIPPINES HAS NOT BEEN ABLE TO CONSISTENTLY EXPORT AN AVERAGE OF 200,000 TONS OF SUGAR PER MONTH. EVEN IF THIS TONNAGE WAS SHIPPED FOR THE REMAINDER OF THIS CROP YEAR, STOCKS ON AUGUST 31, 1977 WOULD BE ABOVE LAST YEAR'S LEVEL OF ABOUT 1.8 MILLION SHORT TONS. IN ADDITION, A SIZEABLE QUANTITY OF SUGAR ESTIMATED AS HIGH AS 500,000 TONS IS NOW OUT OF CONDITION, AND WILL HAVE TO BE REPROCESSED TO MEET EXPORT SPECIFICATIONS. ADDITIONAL QUANTITIES ARE REPORTEDLY BEYOND THE REPROCESSING STAGE.
SULLIVAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, INDUSTRY, PRESS COMMENTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA19497
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760463-0098
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761237/aaaabfxg.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 MANILA 19321
Review Action: RELEASED, APPROVED
Review Authority: schwenja
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2004 by hattaycs>; APPROVED <25 AUG 2004 by schwenja>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR INDUSTRY DEVELOPMENTS
TAGS: EAGR, RP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006